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RESERVE BANK
OF
NEW ZEALAND

WELLINGTON, N.Z.

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NOTE: Where figures are given to a certain degree of approximation the total shown may not be the same as the sum of the items.

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Foreign Exchange

IV - THE FUNCTIONS OF GOLD

GOLD HAS ALWAYS BEEN a controversial, fascinating subject. To some people the mention of gold is sufficient to bring to mind pictures of frenzied gold rushes, covered wagons, and roaring guns. To others the word suggests the fabulous wealth of Eastern potentates. To others again it has a sinister meaning, associated with the "mysteries" of banking, the intrigues of international "banksters", and the prevalence of booms, slumps, and unemployment. To such people, gold is something to be feared, and any monetary system which appears to be even remotely connected with gold is something to be opposed and rejected.

The history of the monetary use of gold is relatively simple, being based on three attributes of the metal:—

- (a) its colour, glitter and softness made it much sought after for purposes of jewellery and adornment;
- (b) its high value relative to its weight made it suitable for coinage purposes;
- (c) its scarcity, and the slow rate of increase in its supply, made it a relatively stable measure of value.

In short, gold is universally acceptable and has been one of the best known forms of metallic money.

The first and basic monetary function of gold was therefore as coinage for smaller transactions and as bars for larger transactions. The coins and bars were normally of a specified weight of gold of a specified degree of fineness, each country minting its own.

The second stage in the function of gold occurred in the seventeenth and eighteenth centuries when the practice of issuing bank-notes became common. These were originally issued, for the sake of convenience, as a substitute for gold. The notes were certificates of title to gold lodged at a bank, and authorised the note-holder to claim the gold at any time. The notes soon became transferable and thus fulfilled the function of money, passing freely from hand to hand. So long as the holder of the note was satisfied that he could exchange it for gold whenever he wished, he would not bother to do so, unless it were for the purpose of making an international payment, or to satisfy a personal desire to hold some gold. The actual conversions of notes into gold became relatively few, so that it became possible for the banks to issue notes to a value greater than that of the gold they held. It was not only safe for them to do this, but it was also desirable from the community's point of view, since with a growing population and a greater volume of commercial transactions, more money was needed in circulation.

It was soon recognised that the banks should not have unlimited power to issue notes, for an excessive note circulation would not only cause inflation of prices, but the financial stability of the issuing banks would be endangered. Hence the introduction of legislation to ensure that banks always kept an ade-

quate reserve of gold relative to the notes they had issued. In this way it was hoped to prevent undue expansion of the note-issue and to maintain the convertibility of notes into gold. A landmark in the history of banking, not only in the United Kingdom, but also in the world, was the passing of the Bank Act in 1844, which *inter alia* began the concentration of the right of note-issue in the hands of the Bank of England, and set an absolute limit to the amount of notes which the Bank could issue without a full backing of gold.

The main reason for the nineteenth century growth in the use of bank-deposits is to be found in the great expansion in trade and commerce that resulted from industrialisation, and the limitation on the size of the note-issue. Led by England, some European countries and America changed from predominantly rural to predominantly manufacturing and trading economies. And the need for money to finance every-day transactions increased as economies expanded and populations grew.

Bank-notes and deposits proved a convenient, even an essential, means of finance; but gold remained the basis of nearly all currencies. By 1870 most important countries possessed a standard gold coin and maintained convertibility of bank-notes into gold, and from this function of gold developed an international monetary system. This was the gold standard.

The Gold Standard

The gold standard evolved during the nineteenth century was maintained during the early part of the twentieth century because the essential conditions for its operation were present and it successfully met the requirements of international trade. The principal characteristics were as follows:—

1. The monetary unit of a country was declared by law to be equal to so much gold by weight.
2. Monetary authorities (i.e. Central Bank or Treasury) were ready to buy and sell gold on demand at a fixed price and in unlimited quantities.
3. The free import and export of gold was permitted.
4. Official monetary reserves were held in the form of gold coin and bullion.

In countries on the gold standard gold served a double function. Since a country's permissible money supply was directly related to the size of its gold reserves by the convertibility requirement, it hindered the development of inflation; while free convertibility of one currency into another at fixed prices was ensured. A gold standard country could only increase its money supply when gold reserves increased, and apart from increased mining production (available to only a few countries), gold could only be acquired through trade.

Of perhaps greater importance than the legal attributes of the gold standard was the underlying political and economic philosophy, which created the environment in which gold could play its important role. Free trade, free enterprise and unrestricted capital movements provided a framework in which purely monetary action was deemed effective in regulating economic activity.

The basic assumption on which the gold standard was operated was this:—If a country's money supply were unduly expanded, or if for other reasons its production costs were out of line with those of its trading partners, its balance of payments would become adverse (i.e. demand for foreign currency would exceed the supply) and the international deficit would be financed by payments of gold. Owing to the depletion of its monetary reserves the Central Bank would be compelled to take remedial action, usually by raising its Discount Rate and engaging in Open Market Operations—two monetary devices designed to dampen down economic activity and reduce prices. The demand for imports would be thereby reduced, the sale of exports stimulated, and "visible" trade would be restored to balance. The "invisible" balance of payments would also be improved by the inflow of capital attracted by higher interest rates. In these ways the loss of gold would be corrected and the level of gold reserves restored.

Converse action was taken when a favourable balance of payments produced an expansion of gold reserves. In order to restore equilibrium monetary policy was designed to stimulate economic activity and raise prices. Thus the convertibility of the currency into gold and into other currencies at fixed rates of exchange—two fundamental objectives—were preserved.

There can be no doubt that during the nineteenth century convertibility of currencies and stability of exchange rates contributed much to the growth of international trade. But these two objectives were achieved only at the expense of internal monetary stability, which at that time was regarded by monetary authorities as a subordinate objective. Monetary policy was aimed at maintaining convertibility of currencies and stability of exchange rates, not price stability or full employment. Fortunately the gold standard period was one of rapid economic development and freedom from major wars. Economic fluctuations were by no means unknown, but they were not as severe as more recent ones have been. The gold standard was thus permitted to operate fairly smoothly.

From 1914 onwards the gold standard began to disintegrate. With the outbreak of World War I the convertibility of currencies into gold was suspended in many countries; gold coins were withdrawn from circulation; the free export of gold was suspended; restraints on the note-issue were relaxed; trade was subjected to controls and tariff barriers; exchange rates were often allowed to move freely, or were arbitrarily "pegged" by decree; but what was more important, monetary policy was directed to new purposes. When the war was over, and currency chaos was widespread in Europe, well-meaning attempts were made to restore gold to its former function as the basis for currency systems. For a short period during the 1920's and early 1930's the gold standard was restored in a modified form in several countries, but from 1931 onwards, pressure of circumstances associated with

the great depression forced the rapid abandonment of what remained of it. The era of the gold standard finally closed round about 1936.

Countries were unable to maintain the gold standard because they could not, in the face of chronic adverse trade balances, trade restrictions, capital movements, unemployment, and price fluctuations, maintain the free convertibility of their currencies into gold at fixed prices. International finances were too chaotic, too unpredictable; their gold reserves were too low. But what is probably more important, they were increasingly unwilling to subordinate internal monetary policy to the objectives of currency convertibility and fixed exchange rates. Increasing emphasis is now being placed on domestic economic stability and full employment. Governments want to be free to adopt whatever monetary policy they think appropriate, without having to consider all the time the level of their gold reserves. Though some countries still require their Central Banks to maintain a specified minimum reserve of gold against their notes and other demand liabilities, this rule is no longer a major determinant of monetary policy. The convertibility of notes into gold coin has disappeared. Such gold reserves as are maintained are almost completely unrelated to the money supply.

Stability of exchange rates is still generally regarded as a desirable objective, and is one of the aims of the International Monetary Fund; but for this purpose it is no longer necessary to make the Central Bank buy and sell gold on demand at a fixed price, nor to permit the free export and import of gold. Exchange rates can be fixed by law, or by executive decision, without any reference to gold at all; but it is still convenient (as in the Articles of Agreement of the I.M.F.) to use gold as a nominal unit of account for calculating the "par values"—and therefore the exchange rates—of the various currencies.

Convertibility of currencies into each other is also a generally accepted objective, but this can be achieved without using gold as an intermediary. During the last hundred years or more the banking mechanism for making international payments has been brought to a high state of efficiency; gold is not used for individual commercial transactions, but only in certain limited circumstances in final settlement of net balances owing between official monetary institutions. Normally these balances are adjusted merely by the rise and fall of internationally held bank balances, recourse to gold payments being only a residual measure.

Nevertheless gold has by no means entirely lost its function as a universally acceptable means of settling international transactions. Countries still desire to obtain and hold adequate gold reserves; the undesirability of losing gold to other countries still provides an effective incentive for them to try to maintain balance in their international transactions. This fact is recognised in the part which gold plays in the rules and operations of the International Monetary Fund, the International Bank, and the European Payments Union. Members of these organisations are likely to lose part of their gold reserves if they have a persistent deficit in their balance of external payments; and this fact influences their policies in relation to money, trade, and foreign exchange. But the international financial arrangements of the 1950's differ greatly from the gold standard which operated before 1914.

The Revision of Tariffs—Torquay

The following press statement was made on 11th May by the New Zealand Minister of Customs:

"Cabled reports from London might convey the impression that in the recently concluded trade talks at Torquay, New Zealand had given away substantial concessions in Empire preference, but such is far from being the case. Apart from the effect of removal of surtax or primage on certain items, the margin of Empire preference had been narrowed only on two items, namely, perforated metal sheets whereon the most-favoured-nation rate of duty was reduced from 15 per cent to 12½ per cent, and wheels and tyres for locomotives, etc., from 25 per cent to 20 per cent, the British rate in each case being already free.

As a matter of fact, very few changes will be made in the New Zealand customs tariff as a result of the recent Conference. In most cases concessions made by New Zealand take the form of "binding" an existing rate of duty, involving no change at all, or of removing primage or surtax only. The only tariff reductions by New Zealand of any consequence were a reduction of 5 per cent *ad valorem* in the existing British preferential and most-favoured-nation rates on canned pineapple, fabric gloves, other than work gloves, clocks and cameras. Existing margins in tariff preference on those items are accordingly not affected.

New Zealand entered into and concluded tariff negotiations with three countries which were desirous of becoming party to the existing General Agreement, viz., Germany, Philippines and Turkey, trade with other newly acceding countries, namely, Austria, Korea and Peru, not being sufficient to warrant separate agreements.

Although the field had been largely covered by the negotiations at Geneva in 1947, further negotiations were entered into with the United States of America with a view to extending the scope of the existing agreement, more particularly in respect of the duties on wool. It was not found possible, however, to conclude these negotiations. Similarly, negotiations with the United States by the United Kingdom, Australia and South Africa were not concluded.

Existing agreements will, however, continue to operate and the benefits of new concessions granted by the United States and other countries to countries with which they have negotiated will also be available to New Zealand exports.

Apart from these new negotiations the Torquay conference was concerned with arrangements for the continuation of the tariff concessions made at Geneva and Annecy, which were firm only until the end of 1950. A number of countries, including New Zealand, were desirous, as a result of changed circumstances, of withdrawing or modifying some of their concessions and negotiations for this purpose took place with the several countries with which the concessions had originally been negotiated.

New Zealand's participation in the negotiations was designed to secure more favourable tariff treatment in foreign markets for our products, while at the same time safeguarding our interests through Imperial preference in Commonwealth markets, particularly the United Kingdom. Care was also taken to ensure that the interests of secondary industries in New Zealand were not prejudiced.

Following are some of the more important concessions which will be available to New Zealand as a result of the negotiations:

	Present Rate	Proposed Rate
Germany	%	%
Cheese, cheddar type and processed	30	25
Lactose	35	30
Milk, sweetened liquid	35	30
Milk powder	25	20
Grass and clover seeds:		
White clover	15	2
Cocksfoot and brown top	15	5
Red clover	10	2
Red fescue, meadow fescue, rye grass and timothy	15	10
Casings	5	Free
Beef, veal, mutton and lamb	25	20
Apples	20	10
	or 3 marks per 100 kilos whichever greater for period 16th March to 15th August	
Philippine Republic		
Lactose in small containers	20	10
Lactose, other	30	15
Milk and cream	10	5
Milk powder	20	10
Infants' foods	15	10
Cheese	15	10
Canned meats	15	10
Butter, per kilo	6 cents	6 cents (bind)
Dried peas, per 100 kilos	\$1.20	\$0.65
United States of America		
Cheese, cheddar, per lb.	3½ cents, but not less than 17% <i>ad valorem</i>	3 cents, but not less than 15% <i>ad valorem</i>
Tallow, per lb.	1½ cents	½ cent
Agar agar	25%	18%

The opportunity was also taken at Torquay to discuss with France, Germany and the Netherlands the question of securing liberalised treatment for New Zealand exports to those countries.

An agreement with France now provides for the free issue of licences for imports of a number of New Zealand products, and the discussions with Germany and the Netherlands have been well advanced and are still in progress.

The complete schedules of concessions by all countries under the negotiations are being pub-

lished by the GATT secretariat and copies will be available in due course in the Customs Department for perusal.

The concessions will not be put into effect until the newly acceding countries have been accepted as members of the Agreement and, in any event, not before 21st July, 1951."

Timber—The Murupara Project

A PROSPECTUS, recently issued by the New Zealand Forest Service, states that the New Zealand Government is inviting applications for the right to purchase for a period of 75 years an annual quantity of 23 million cubic feet of exotic softwoods, and for co-operation with the New Zealand Forest Service in the development of an integrated plant consisting of a sawmill, a pulp mill and a newsprint mill. A further supply of approximately 5 million cubic feet per annum may also be negotiated. This announcement represents the first positive step towards the establishment of a large-scale pulp and paper industry in the Dominion. The mills are to be located at Murupara, near Rotorua, and it is intended to draw mainly upon the resources of the Kaingaroa State Forest, which is adjacent to the proposed mill site.

Timber Resources

The Kaingaroa Forest, which is situated on pumice land, covers a gross land area of 317,000 acres of which 260,000 have been planted. The area from which the Murupara mills will be drawing most of their supplies contains almost 200,000 acres of forest, nearly half of which is insignis pine. Other species include Douglas fir, Corsican pine and ponderosa pine. In addition, there is an adjoining forest of some 30,000 acres owned by Matea Forests Ltd., and it has been agreed that the annual yield from this source (5 million cubic feet of timber) may also be supplied to the Murupara undertaking, in addition to the 23 million cubic feet from the Kaingaroa Forest. The forests were planted between the years 1913 and 1936, the greater part having been established during the period 1927-31. The average rate of tree growth has been very rapid, ranging from over 200 cubic feet per acre annually for insignis pine and Douglas fir to 100 cubic feet for other pines. This compares with a rate of growth of approximately 100 cubic feet for Southern pines and Douglas fir in North America, and 28 cubic feet for pine and spruce in Scandinavian countries.

Production Potential

In 1949, a delegation from New Zealand attended the world wood-pulp conference in Montreal, and while there also consulted North American engineering and paper-making interests. The delegation on its return reported in favour of the Murupara project, incorporating an integrated sawmill and pulp and paper plant. (In view of the nature of the timber available it is considered that only by integrating sawmill and pulp production can maximum returns be secured). Output from such a plant, using 23 million cubic feet annually, should be approximately as follows:

Sawn timber	70,000,000 board feet
Newsprint	50,000 long tons
Printings and Writings	10,000 " "
Sulphate pulp	25,000 " "

The New Zealand market is expected to absorb at least 10 million board feet of sawn timber, 35,000 long tons of newsprint, other printings and writings, and 8,000 long tons of pulp. This will leave a substantial surplus of each product for export. A large market for these products appears to be offering in Australia where the probable annual deficiency within five years between domestic sources of supply and prospective demand has been estimated at 500 million board feet in the case of sawn timber, and 220,000 long tons and 45,000 long tons respectively in the case of newsprint and sulphate pulp. The production of these timber products in New Zealand should provide the Dominion and purchasing countries with a valuable means of conserving dollar exchange, as well as affording an opportunity to redress New Zealand's present unfavourable trade balance with Australia. As one way of ensuring competitive export prices, emphasis is being placed on the importance of cheap ocean transport by charter shipping and, since adequate two-way traffic is necessary to procure favourable charter rates, it is intended to develop a modern deep-water port at Mt. Maunganui, Bay of Plenty, with a view also to handling inwards goods.

Capital Outlay

An initial investment equivalent to £14 million sterling inclusive of working capital will be necessary to finance the Murupara project, and another £3 million will be required for subsequent development. The undertaking may be financed by the issue of debentures up to one-half of the finance needed, the remainder being provided by way of shares. The Government itself is prepared to purchase debentures and reserves the right to subscribe 15 per cent of the share capital. In addition, the right has been reserved for Matea Forests Ltd. to subscribe up to 3 per cent of the share capital. The Government may appoint one director to any Company that may be formed, but does not propose to take any other part in either the management or operation of the project. Overseas investors will be given the right to transfer from New Zealand each year the net profits earned.

The expenditure by the State of a further £14 million in the provision of public facilities to service the project is also contemplated. As well as agreeing to supply 23 million cubic feet of logs annually for an initial period of 25 years on a contract basis (renewable for two further periods of 25 years), the

Government will assure that an adequate supply of electric power will be made available by January 1954, to bring the completed undertaking into full production, and that additional power requirements will be met as the project is enlarged. Other Government works will include the construction of the port at Mt. Maunganui, the laying of 42 miles of railway to

connect the Murupara site with the main railway system, and the erection of houses at Murupara for employees of the mills. When completed, Murupara will be the largest industrial undertaking in New Zealand, and will place timber products next in importance to dairy produce and meat and wool in the Dominion's export trade.

Current Notes

1951 National Development Loan

The terms of a new £10 million loan to be raised this year were announced by the Prime Minister on 22nd May. They are as follows:

The loan will open on 29th May, 1951, and will close on or before 27th June, 1951. The security offered is a 3 per cent stock repayable on 15th April, 1960/62, issued at par. Subscriptions may be paid in full on application or by instalments of £10 per cent on application and the balance on 1st October, 1951. Minimum subscription is £50 and the first payment of interest will be made on 15th October, 1951.

Stock will be issued at the option of the subscriber in the form of Ordinary Stock or Death Duty Stock which may be tendered at par in payment of death duties. Death Duty Stock may be exchanged for Ordinary Stock.

The proceeds of the loan are to be used for National Development purposes and for the repayment of existing loans.

Public Accounts

On 22nd May, the Prime Minister announced that the Public Accounts for the year ended 31st March, 1951, revealed surpluses of £8.7 million on current account and £5.2 million on capital account. From the current account surplus the Government has decided to pay a special £5 bonus for every child (totalling about £3 million) and £5.3 million will be applied to opening a War Emergency Account with an ultimate target of £100 million. The surplus on capital account has been carried forward for expenditure on works this year.

Classification of Trading Bank Advances

On page 72 is published the quarterly classification of trading bank advances for the year ended March, 1951.

Advances to many groups of borrowers, particularly farmers, industries allied to primary production, and stock and station agents have pronounced seasonal movements, while others, notably those to importers and retailers, tend to rise towards the end of the year. Any comparison of the figures at different periods should take account of these seasonal changes.

The following are the principal movements recorded during the year ended March, 1951:

- (a) The normal seasonal increase occurred in advances to farmers during the September quarter but in the main this class of advance has remained fairly stable.
- (b) The advances to industries allied to primary production are normally at their lowest in September, the main movement being a high

seasonal peak in March accounted for by large advances to freezing works, meat companies and woolbuyers, which are repaid in the following six months. The movement reflects the higher prices these industries have paid for meat and wool and to a lesser extent their higher costs of production. It is also probable that advances to these industries have been affected by the shipping hold-up which has prevented them from shipping their products and thus from obtaining payment. To maintain production they have relied temporarily on increased bank credit.

- (c) During the third quarter advances for other manufacturing and productive industries rose sharply reflecting the higher prices that have to be paid for raw materials, increased transport charges and higher wages. During the preceding quarters a gradual rise was recorded.
- (d) Increased accommodation granted to importers is due partly to a greater volume of imports (following the relaxation of import controls) but principally to higher prices for imports. The shipping hold-up is also a factor causing the increase in this category. A corresponding increase in advances to retailers occurs as higher priced stock is purchased by them.

Consumers' Price Index

The Consumers' Price Index for the March quarter, 1951, shows a rise of 16 points to 1121 (base 1st quarter 1949 = 1000). This increase amounts to 1½ per cent and is less than that of any of the three previous quarters. The effect on retail prices of the recent wage increase had not been fully felt during the March quarter.

The greater part of the increase during the quarter was due to a rise of 31 points in the "All Housing", and 25 points in the "Clothing" and "Footwear" series. There was a small increase in "Meat and Fish" and "Other Foods" prices, but this was to some extent offset by a fall in the prices of "Fruits, Vegetables and Eggs".

Releases from Wool Retention Accounts

The Prime Minister recently announced that legislation would be passed during the next Parliamentary session to enable woolgrowers to withdraw in each calendar year 20 per cent of the amount frozen in their Wool Retention accounts. (See "Bulletin" for January and April, 1951.) The right of withdrawal of money frozen in 1951 will operate for the five years beginning 1952. If a grower elects not to withdraw the allowable amount or any portion thereof in any one year, he may withdraw it in any later year, in addition to the amount (20 per cent) available in that later year.

This right of voluntary withdrawal in no way restricts the right of the Government to make an earlier general release if the circumstances warrant it.

The Government has appointed a Releasing Committee to decide on claims for earlier release of money in individual cases of hardship.

World Gold Production

Figures compiled by the Union Corporation and published in the annual bullion review of Samuel Montagu and Company, show that world gold production rose by 500,000 fine ounces to 26 million fine ounces in 1950. Output was 3 million ounces higher than the lowest war-period level in 1945, but it was still some 10 million to 13 million ounces below the levels reached immediately before the war. Production figures for the last three years are shown in the following table in thousands of fine ounces:—

	1948	1949	1950
Union of South Africa	11,585	11,705	11,663
Canada	3,530	4,113	4,400*
U.S.A.	2,025	1,996	2,400*
U.S.S.R.	2,000*	2,000*	2,000*
Australia	891	893	850*
Gold Coast	672	677	680*
Southern Rhodesia	514	528	510
Mexico	368	405	400*
Colombia	335	359	406
Congo	300	334	350*
Philippines	209	289	300*
Korea	300*	300*	200*
Chile	164	179	200*
India	180	161	189
Brazil	157	180*	180*
Japan	70	100*	120*
Peru	111	112	110*
Fiji	93	90*	90*
New Zealand	94	85	85*
New Guinea	87	93	73*
Sweden	75*	75*	75*
Tanganyika	58	69	65*
Elsewhere	815	757	652*
<i>World total</i>	24,633*	25,500*	26,000*
British Empire	17,785	18,496	18,700*
British Empire %	72.2	72.5	71.9
Union of South Africa %	47.0	45.9	44.9

* Estimated or provisional figure.

Effects of the Waterfront Dispute on the Balance of Payments

The table of foreign exchange transactions of the New Zealand banking system, published on page 74 of this "Bulletin", shows the effect on overseas receipts and payments of the waterfront dispute, which commenced on 16th February, 1951.

Largely due to increased wool prices, receipts in the first two months of 1951 were £20.6 million higher than in the same period of 1950, while payments, mainly for imports, rose by £5.6 million. In March and April, however, receipts were much below the level of the previous two months. As a result the surplus of receipts over payments was only £4.4 million compared with £13.5 million in the same two months of 1950. Had normal shipping operated, re-

ceipts in March and April may well have been between £30 million and £35 million higher. The dispute has not only delayed the receipt of overseas funds from dairy produce and meat, which are paid for f.o.b., but also caused the postponement of wool sales and a decline in the volume of other exports such as fruit, hides and skins. Although most of the receipts now postponed will eventually be received later (especially from the sale of wool), it is likely that reductions in exports of meat, fruit and other commodities will not be made up during this year.

Following the wool sale at Invercargill on 21st February, all subsequent sales (12 in number) of the current selling season were postponed as shipping facilities were not available to take the wool sold at auction for export. There are approximately 295,000 bales remaining to be sold at auction. Not only have the sales been postponed but also the "prompt dates" of the last five sales have been deferred indefinitely.

The value of payments for imports has also been affected, though not to the same extent as the receipts from exports, since most imports must be paid for even though unloading is delayed.

Import Licensing

The Minister in Charge of Import Licensing announced on 22nd March, the removal of 79 more items from import control, provided they were obtained from soft currency sources. The list included matches, rugs, woollen piece goods (excluding knitted piece goods), blankets, tractor mowers, cinematograph films, penicillin and similar preparations, flooring, hearth and wall tiles and petrol pumps. This release was followed on 26th April and 7th May by the exemption from licensing (when imported from soft currency countries) of a further 50 items, including plated ware, tin-ware, steel and other furniture, cabinet-ware, oil engines and pumps, metal sinks, large lawnmowers, aeroplanes, wheat, flour and potted meats. The Minister stated that local manufacturers had objected unsuccessfully to the freeing of 42 of the items in this group.

Since 1st August, 1950, import licensing in respect of soft currency goods has been removed from 553 of the 998 items controlled previously. Many goods to which restrictions still apply are at present under review by the Board of Trade.

Meat Killings

According to figures issued by the New Zealand Meat Producers' Board, the quantity of meat killed for export during the first seven months of the 1950-51 season (to 28th April) amounted to 198,134 tons, and was considerably below the 283,287 tons produced in the corresponding seven months of the previous season. The return shows a fall in the killings of all classes of meat, the principal reductions being as follows: Lamb killings fell 29,275 tons to 138,996 tons; wether killings fell 10,437 tons to 3,726 tons; ewe killings fell 18,768 tons to 26,746 tons; and ox and heifer beef killings fell 12,914 tons to 1,669 tons.

The quantity of meat in store as at 28th April was 122,656 tons, 37,472 tons less than the amount held at the end of April, 1950.

The reasons for the decline in killings are to be found in the high prices for wool, the exceptionally good season for the growing of pasture, and industrial disputes in the meat freezing works.

Joint Organisation Profits

During the twelve months ended 30th June, 1950, United Kingdom-Dominion Wool Disposals (the "Joint Organisation") disposed of a further 1.2 million bales of wool from its stocks at a profit of £40.3 million, compared with a profit of £30.1 million in the preceding year. Trading profits for the Joint Organisation's five years of operations since 1st August, 1945, amounted to £125.7 million. The sum of £27.8 million representing the balance of war-time profits on the purchase of Dominions' wool, was transferred by the United Kingdom Government to the Joint Organisation at the outset of its operations, so that total profits now amount to £153.6 million. The original stock of 10,407,000 bales transferred to the Joint Organisation at a cost of £171.1 million had been reduced by 30th June, 1950, to 484,400 bales costing £6.5 million.

Payments of £50 million were made to the member governments during the year out of accumulated profits, Australia receiving £20 million, New Zealand £5 million, and the United Kingdom £25 million. No payment was made to South Africa. The balance of profits remaining in the hands of the Joint Organisation at 30th June, 1950, was £103.6 million, which is divisible between the four Governments in the proportions of £35.1 million for Australia, £9.0 million for New Zealand, £7.7 million for South Africa, and £51.8 million for the United Kingdom.

Terms for Sale of State Houses

Under the scheme now operating, State rental houses built since 1937 and occupied on or before 31st July, 1950, are offered to tenants at a price based on current replacement value less depreciation. Each house is separately valued, and the price reduced by an interest free suspensory loan of 10 per cent, with a maximum of £200, to be written off after the purchaser or his family have occupied the house for a period of seven years. Purchasers may pay in cash, in which case, after payment of a minimum deposit of 5 per cent (on the sale price of the house and land less the suspensory loan) required from all purchasers, they receive a discount of 5 per cent (excluding the minimum deposit). They may alternatively, under a table mortgage plan, repay the principal over a period of up to 40 years, with interest at 4½ per cent, reduced to 3 per cent as long as the house is owned and occupied by the original purchaser or his wife, and other conditions of sale are complied with.

All purchasers on terms will be covered up to the age of 60 years by a mortgage insurance scheme, the premium for which will be added to the principal. They will have the right to pay the balance owing or any forward instalments of principal at any time and to receive a discount of 5 per cent on such amounts repaid.

Owners wishing to sell within seven years must first offer the house to the Crown at a price based on current replacement value, less depreciation and the

amount of the suspensory loan, but the special interest rate or mortgage insurance scheme will in no case be transferable to a subsequent purchaser. If the Crown does not purchase and the sale to another buyer proceeds, the balance of the purchase money including the suspensory loan becomes payable to the Crown.

State houses built and occupied after 31st July, 1950, are not included in the scheme, but are available for sale on the same terms as offered by the State Advances Corporation to builders of new homes with interest at the current rate of 4½ per cent.

The Schuman Plan

The Schuman Treaty, sponsored by the French Foreign Minister, M. Robert Schuman, and worked out by the French Economic Planner, M. Jean Monnet, was signed on 18th April by the Foreign Ministers of the six participating countries—France, Germany, Italy, Belgium, Luxemburg and Holland. The treaty will enter into force after its ratification by the respective Parliaments, for which no specific time limit has been fixed. Other countries are free to join.

The plan is to create a large single market for coal, iron, steel and raw materials for making iron and steel, covering an area with 150 million inhabitants. Natural resources in these industries will be pooled, and production and marketing will be under centralised control.

Secondly, a largely autonomous High Authority of six to nine members will be set up, with the members appointed by the Governments collectively, and representing neither the two industries nor particular countries. The Authority will supervise the administration of the plan and will be responsible to an assembly of deputies from the Parliaments of the six members. In addition to the Authority and the Parliamentary Assembly whose censure can force the Authority to resign, there is also to be a Committee of Ministers for consultation and liaison, a Court of Justice and a Consultative Committee representing management, workers, merchants and users.

The High Authority will supervise and co-ordinate the coal and steel resources of the whole area, making regular market surveys and planning patterns of prices, production and investment. By stimulating efficiency, modernisation, and specialization through the creation of a supra-national market it is hoped to reduce costs and to increase supplies of coal and steel both for home use and for export. Individual firms, however, will remain fully responsible for their own management and wages will not be subject to interference, but firms may not cut wages merely to compete with greater vigour. Similarly it is accepted that the level of freights must be determined in each member country by local costs.

The proposed term of the plan is 50 years, with a transitional period of 5 years before the full treaty will come into effect.

Economic Adviser

Mr. George Lawn, has resigned from the position of Economic Adviser to the Reserve Bank. He remains a member of the Board of Directors. Mr. A. R. Low, who has been Assistant Economist, has been appointed Economic Adviser.

(£N.Z. thousands)

I—RESERVE BANK OF NEW ZEALAND
Liabilities and Assets

Average of Weekly Figures:	LIABILITIES					ASSETS					
	Bank Notes	Demand Liabilities				Reserve			Invest- ments	Advances to State	
		State	Banks	Wool Retention Account†	Other	Gold	Sterling Exchange	Other* Exchange		Market'g Orgns.	Other
1944	37,453	13,234	32,987		916	2,802	33,720		11,509	2,760	34,861
1945	41,123	12,228	43,972		1,012	2,802	60,064		11,797	2,085	24,163
1946	45,169	17,302	59,731		524	2,802	81,332		5,991	961	35,127
1947	47,682	13,265	57,102		483	2,802	85,300		4,576	1,157	28,510
1948*	48,930	13,228	57,706		380	2,802	65,090		10,496	1,698	35,182
1949	51,312	11,384	73,837		355	3,223	48,995		41,855	3,482	37,628
1950	55,126	15,446	74,239		117	1,115	4,269	51,319	256	31,313	5,096
Last Wednesday in Month:											
1950—May	53,893	10,635	83,973		1,997	4,224	59,309	181	27,658	6,254	53,000
June	54,148	18,262	76,879		4,825	4,259	58,652	209	27,658	5,094	53,000
July	54,722	13,920	75,101		1,302	4,323	57,882	209	22,658	3,483	53,000
Aug.	54,550	10,590	72,249		1,122	4,397	56,678	615	17,658	3,077	53,020
Sept.	54,307	11,674	70,822		958	4,426	52,058	504	21,974	2,789	53,000
Oct.	55,274	11,323	72,302		1,007	4,569	49,783	257	25,974	3,206	53,244
Nov.	57,473	12,556	70,210		894	4,666	49,596	389	25,974	4,304	54,292
Dec.	62,216	14,985	62,579		3,114	556	4,697	47,946	350	30,974	3,558
1951—Jan.	58,583	17,416	67,367	10,889	893	4,810	50,702	390	35,974	4,832	53,000
Feb.	57,704	29,924	67,390	7,859	722	4,871	56,333	289	35,974	6,199	53,000
Mar.	58,418	44,884	49,060	6,741	756	4,932	60,970	349	27,974	7,372	53,000
Apr.	58,675	21,673	65,834	3,849	657	4,959	64,916	544	15,974	9,607	50,000
May 2	58,870	19,685	67,503	3,871	521	4,986	68,617	290	15,974	5,846	50,000
9	58,712	14,597	68,308	3,089	612	4,990	69,170	366	10,974	5,425	50,000
16	58,516	15,265	69,409	2,626	705	5,023	69,656	222	10,974	5,110	51,017
23	58,416	14,644	77,001	1,567	653	5,055	71,726	444	10,974	7,172	52,705
30	58,413	10,544	75,902	1,238	4,718	5,071	73,802	170	10,974	5,842	50,694

★ On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100.

† Prior to 1950 the figures for "Other Exchange" are included under "Other Assets".

† Held temporarily pending transfer to Wool Retention Accounts at trading banks. See text page 19 of February, 1951 issue.

II—NEW ZEALAND SILVER† COIN IN CIRCULATION*

(£N.Z. thousands)	Value by Denominations						
	Average of Quarterly Figures:	2/6	2/-	1/-	6d.	3d.	Total
1944		800	752	395	289	343	2,578
1945		873	804	422	312	376	2,787
1946		937	872	452	337	419	3,016
1947		956	900	471	361	457	3,145
1948		971	911	479	377	480	3,218
1949		971	929	491	398	492	3,281
1950		993	957	514	432	528	3,424
Quarter Ended Mar., 1950		965	930	495	409	502	3,301
June, 1950		970	950	506	425	519	3,371
Sept., 1950		976	941	511	435	537	3,400
Dec., 1950		1,059	1,009	545	458	553	3,623
Mar., 1951		1,004	955	534	449	553	3,494

(Millions)	Number of Coins by Denominations					
	Average of Quarterly Figures:	2/6	2/-	1/-	6d.	3d.
1944		6.4	7.5	7.9	11.5	27.4
1945		7.0	8.0	8.4	12.5	30.1
1946		7.5	8.7	9.0	13.5	33.5
1947		7.6	9.0	9.4	14.4	36.5
1948		7.8	9.1	9.6	15.1	38.4
1949		7.8	9.3	9.8	15.9	39.3
1950		7.9	9.6	10.3	17.3	42.2
Quarter Ended Mar., 1950		7.7	9.3	9.9	16.4	40.1
June, 1950		7.8	9.5	10.1	17.0	41.5
Sept., 1950		7.8	9.4	10.2	17.4	42.9
Dec., 1950		8.5	10.1	10.9	18.3	44.2
Mar., 1951		8.0	9.6	10.7	18.0	44.2

* Excludes an issue of crowns not in active circulation. † Includes Cupro-Nickel Coin.

(£N.Z. thousands)

III—TRADING BANKS**I. Liabilities and Assets**

Average of Monthly Figures:	LIABILITIES (in New Zealand)			ASSETS				Unexercised Overdraft Authorities
	Demand	Wool Retention Accounts †	Other	Total Demand and Time Liabilities	Bankers' Cash*	Net O'seas Assets	Securities Govt. Other	
1944	88,644	30,480	119,125	39,384	11,938	36,141	2,424	46,806 37,120
1945	99,836	31,634	131,470	52,402	13,647	29,335	2,473	51,618 40,274
1946	117,071	34,414	151,485	67,794	12,541	26,168	2,293	58,342 45,041
1947	128,115	37,870	165,984	66,041	13,295	20,913	2,124	76,247 46,669
1948*	138,211	40,403	178,614	68,814	13,464	16,953	1,942	86,470 50,650
1949	150,699	39,016	189,715	86,120	14,526	12,856	1,813	81,981 57,686
1950	167,526	39,787	207,313	86,674	17,362	11,730	1,677	94,065 64,178
Last Wednesday in Month:								
1950—Apr.	176,922	39,801	216,723	88,058	23,924	11,731	1,704	91,176 61,751
May	173,680	40,231	213,911	94,284	23,634	11,730	1,690	90,936 62,641
June	165,432	40,194	205,626	87,611	18,605	11,730	1,688	91,573 63,116
July	163,306	39,800	203,106	86,307	16,169	11,730	1,667	90,607 64,714
Aug.	157,556	40,084	197,640	83,534	12,302	11,730	1,652	97,819 64,285
Sept.	157,883	40,834	198,717	81,797	13,374	11,730	1,649	96,473 64,143
Oct.	162,324	40,094	202,418	83,610	13,927	11,730	1,646	97,087 67,889
Nov.	164,530	39,827	204,357	83,751	9,670	11,730	1,636	105,113 66,274
Dec. 20	186,616	39,538	226,153	70,339	22,013	11,730	1,634	108,979 71,347
1951—Jan.	194,692	784	39,805	235,281	79,759	32,482	11,730	1,590 112,617 72,294
Feb.	193,039	4,886	39,156	237,080	80,156	34,053	11,715	1,576 118,287 75,416
Mar.	193,709	9,644	39,770	243,124	60,784	31,504	11,715	1,574 133,271 70,364
Apr.	202,906	13,485	40,074	256,466	77,953	30,000	11,715	1,545 135,921 73,703

* Bankers' Cash includes Notes and Coin, and Balances at Reserve Bank. † See text page 19 of February, 1951 issue.

* On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100.

2. Classification of Time Liabilities

(£N.Z. thousands)

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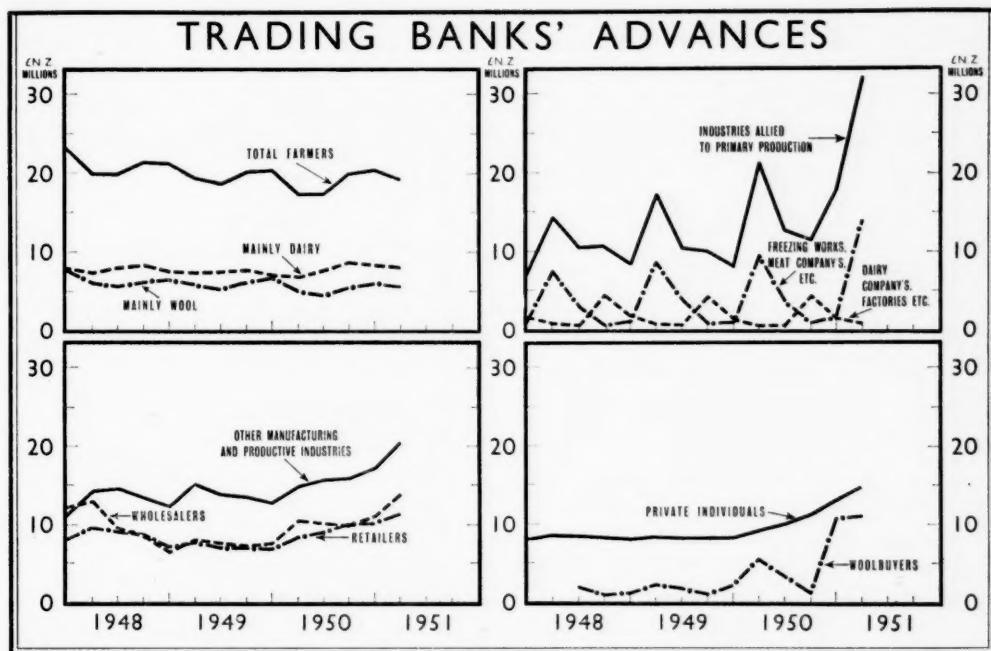
Last Wednesday in March	Current Rates of Interest	1944†	1945†	1946†	1947	1948	1949	1950	1951
I. ORIGINAL TERM:	% p.a.								
Less than 3 months	—	7	18	—	10	123	6	5	5
3- 6 months	4	838	616	631	826	1,140	753	907	2,225
6-12 months	11	2,361	2,196	2,768	2,658	3,387	2,617	2,738	2,452
12-24 months	14	8,785	8,613	8,777	9,635	11,016	9,224	10,665	10,573
24 months and over	2	17,732	19,394	20,415	22,267	23,431	24,912	24,728	24,514
Wool Retention Accts.	—	—	—	—	—	—	—	—	9,644
Total:	29,723	30,837	32,592	35,396	39,098	37,512	39,043	49,414	
II. UNEXPIRED CURRENCY:									
Less than 3 months	6,736	6,708	7,506	7,479	8,757	7,767	8,712	9,579	
3- 6 months	5,079	4,823	6,025	5,933	7,327	6,370	7,167	6,692	
6- 9 months	4,021	3,994	4,227	4,466	4,828	4,544	4,596	4,522	
9-12 months	4,279	4,791	4,498	4,815	5,549	5,020	5,004	5,195	
12-15 months	2,768	3,287	2,927	3,993	3,567	4,607	3,894	4,356	
15-18 months	2,191	2,685	2,435	3,098	3,131	3,366	3,423	3,324	
18-21 months	2,146	2,354	2,561	2,923	2,833	2,994	2,987	3,166	
21-24 months	2,502	2,184	2,403	2,689	3,063	2,813	3,216	2,854	
24 months and over	3	10	10	—	44	32	43	82	
Wool Retention Accounts	—	—	—	—	—	—	—	—	9,644
Total:	29,723	30,837	32,592	35,396	39,098	37,512	39,043	49,414	
Total Demand and Time Liabilities	114,814	124,493	143,512	162,186	181,446	183,013	203,635	243,124	
Percentage of Time to Total Liabilities	25.9	24.8	22.7	21.8	21.5	20.5	19.2	20.3	

† Last Monday in March.

III—TRADING BANKS
3. Classification of Advances

MAY, 1951

(£N.Z. thousands)		Published by courtesy of the Associated Banks					
Last Wednesday in month	1948	1949	1950				1951
	March	March	March	June	September	December	March
1. FARMERS:							
(a) Mainly Dairy	7,266	7,210	6,781	7,594	8,550	8,254	7,932
(b) Mainly Wool	6,076	5,795	4,883	4,389	5,317	5,776	5,397
(c) Mainly Meat	1,374	1,203	1,124	1,072	1,119	1,134	1,057
(d) Mainly Agri-cultural	713	680	689	668	747	804	805
(e) Mixed	4,601	4,424	3,828	3,657	4,087	4,393	3,962
2. INDUSTRIES ALLIED TO PRIMARY PRODUCTION:	20,030	19,313	17,305	17,382	19,820	20,362	19,154
(a) Dairy Co's., Factories, etc.	846	628	497	588	4,202	1,471	730
(b) Freez. Works, Meat Co's., etc.	7,409	8,584	9,411	3,495	821	1,496	13,879
(c) Woollen Mills	1,486	1,527	1,442	1,016	935	742	2,070
(d) Wool Buyers	{ 2,276	5,443	3,300	1,165	10,632	11,161	
(e) Other	4,490	4,163	4,272	4,146	4,314	3,548	4,348
3. OTHER MANUFACTURING & PRODUCTIVE INDUSTRIES:	14,231	17,178	21,065	12,544	11,435	17,888	32,188
	14,183	15,037	14,774	15,550	15,796	17,137	20,477
4. MERCHANTS, WHOLESALERS:							
(a) Mainly Imp'trs	7,962	5,925	7,578	7,092	6,761	8,013	10,663
(b) Others	4,924	2,155	2,829	2,930	3,012	2,991	3,129
5. RETAILERS:	12,886	8,080	10,407	10,023	9,773	11,004	13,792
	9,505	7,659	8,258	8,944	9,857	10,150	11,347
6. TRANSPORT:							
(a) Shipping	117	181	378	444	606	644	622
(b) Other	1,636	1,713	1,767	1,838	2,039	2,193	2,442
7. ALL OTHERS:	1,752	1,893	2,145	2,282	2,645	2,837	3,064
(a) Local Bodies, M'pal Authorities, Public Utility Concerns, etc.	722	905	989	1,732	1,942	2,325	1,566
(b) Stock & Station Agents	662	644	641	594	1,162	956	1,437
(c) Hotels (Public & Private), R'rants, etc.	2,367	2,267	2,082	2,231	2,509	2,725	2,570
(d) Entertainment Concerns	470	373	250	227	238	229	274
(e) Financial Co's. Societies, etc.	1,541	1,771	1,925	2,170	2,259	1,895	2,454
(f) Religious and Charitable	272	280	285	363	312	353	425
(g) Professional	1,968	1,999	2,045	2,124	2,158	2,277	2,778
(h) Private Individuals	8,458	8,334	9,163	10,089	11,026	13,057	14,563
(i) Miscellaneous	3,472	3,014	3,315	3,745	4,141	4,209	4,643
	19,933	19,586	20,695	23,277	25,747	28,026	30,710
TOTAL ADVANCES	92,520	88,745	94,649	90,001	95,073	107,403	130,732



IV—REHABILITATION LOAN AUTHORIZATIONS

(£N.Z. thousands)

Source: Rehabilitation Department

Year Ended 31st March	Residential			Furniture	Business	Farm	Tools of Trade	Miscel- laneous	Totals
	Erection	Purchase	Total Residential						
1943	23	163	186	49	14	128	1	—	377
1944	125	583	708	133	118	634	3	—	1,596
1945	793	1,351	2,144	328	434	1,613	9	8	4,535
1946	2,343	3,519	5,863	520	952	4,323	14	14	11,787
1947	4,031	4,116	8,147	755	1,137	7,342	6	30	17,417
1948	3,818	2,887	6,705	729	997	5,197	5	16	13,649
1949	3,422	2,638	6,061	746	933	4,372	5	8	12,125
1950	2,754	2,447	5,201	678	910	4,889	2	17	11,697
1951	5,589	2,818	8,407	562	631	6,281	1	27	15,909
Total to 31st March, 1951	23,633*	19,788*	43,421	4,600	6,124	34,780	47	120	89,092
Monthly:									
1950—Mar.	129	256	385	53	73	541	.1	.6	1,053
Apr.	247	247	494	42	50	178	.1	6.1	988
May	521	246	767	65	77	633	.2	.7	1,542
June	556	307	864	51	51	464	.1	9.1	1,439
July	544	280	824	52	58	485	.1	2.7	1,421
Aug.	619	263	882	49	61	438	.1	1.4	1,432
Sept.	477	257	733	47	63	625	.1	1.3	1,469
Oct.	542	219	761	50	58	503	.2	.7	1,372
Nov.	630	233	862	44	46	493	.2	.4	1,445
Dec.	442	224	666	37	61	535	—	.6	1,300
1951—Jan.	334	137	471	33	29	304	..	.2	837
Feb.	333	184	516	46	39	638	.2	3.7	1,242
Mar.	343	223	567	46	39	769	..	.2	1,420

*Supplementary loans of £735,000 originally included under "Purchase" are now included under "Erection".

(EN.Z. thousands)

V—FOREIGN EXCHANGE
1. Net Overseas Assets (Revised Series)*

Last Wednesday in Month:	1948		1949		1950		1951			
	Total	Reserve Bank	Trading Banks	Total	Reserve Bank	Trading Banks	Total	Reserve Bank	Trading Banks	Total
Jan.	84,819	50,770	14,038	64,809	46,862	16,498	63,360	58,413	32,482	90,895
Feb.	94,240	54,329	15,536	69,865	49,179	18,125	67,304	65,198	34,053	99,251
Mar.	89,636	58,227	16,749	74,975	54,076	20,100	74,175	68,254	31,504	99,758
Apr.	95,551	60,998	16,730	77,728	58,362	23,924	82,285	72,410	30,000	102,410
May	97,296	65,652	16,598	82,250	65,607	23,634	89,241			
June	100,017	66,364	13,623	79,987	68,411	18,605	87,016			
July	100,344	62,756	15,281	78,037	67,340	16,169	83,509			
Aug.	78,568*	58,312	13,435	71,747	66,099	12,302	78,402			
Sept.	72,804	54,832	11,166	65,998	57,635	13,374	71,009			
Oct.	66,487	49,474	12,691	62,165	54,916	13,927	68,843			
Nov.	63,138	46,961	13,141	60,102	53,871	9,670	63,541			
Dec.	66,052†	44,418†	15,320†	59,738†	50,971†	22,013†	72,984†			

* Foreign exchange and overseas investments held by the New Zealand banking system in respect of New Zealand business, less overseas liabilities. The Reserve Bank figures include not only sterling exchange as formerly, but also other foreign exchange holdings and overseas investments.

* On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100. † Last Wednesday before Christmas.

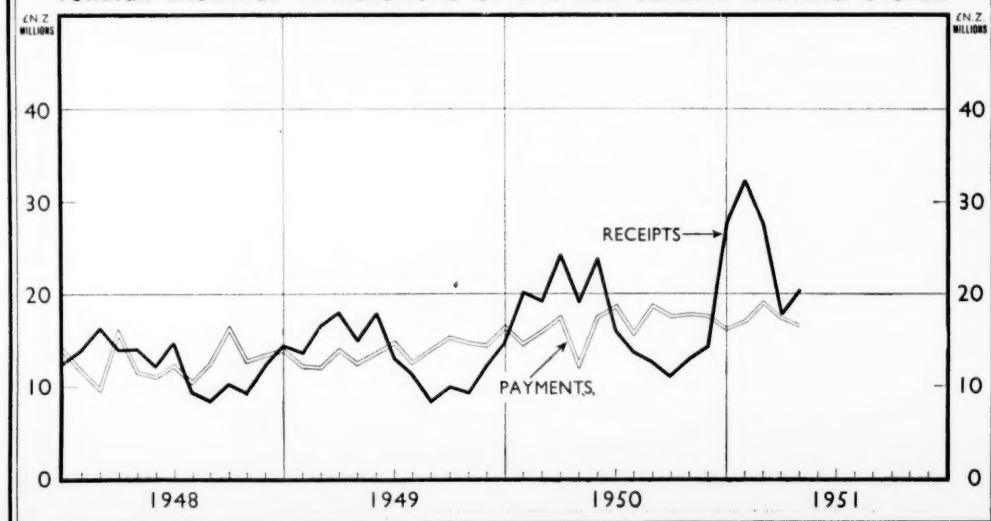
(EN.Z. thousands)

2. Foreign Exchange Transactions of New Zealand Banking System

Calendar Month	1950				1951			
	RECEIPTS		PAYMENTS		Exports	Other	Imports*	Other
	Exports	Other	Imports*	Other				
Jan.	18,249	1,744	12,238	2,318	+	5,437	30,042	2,125
Feb.	17,500	1,657	12,749	3,133	+	3,274	26,044	1,509
Mar.	22,648	1,430	13,066	4,365	+	6,647	15,546	2,188
April	17,582	1,445	9,403	2,754	+	6,870	18,810	1,544
May	22,079	1,834	14,099	3,272	+	6,543		
June	14,186	1,699	15,130	3,392	—	2,637		
July	11,685	1,817	11,994	3,701	—	2,194		
Aug.	10,486	1,980	14,566	4,040	—	6,140		
Sept.	9,738	1,138	16,011	1,466	—	6,601		
Oct.	11,609	1,278	14,338	3,326	—	4,777		
Nov.	12,666	1,539	15,476	2,113	—	3,384		
Dec.	26,160	1,426	13,695	2,474	+	11,417		
Total	194,588	18,988	162,767	36,354	+	14,455		

* Includes estimated payments for Government imports.

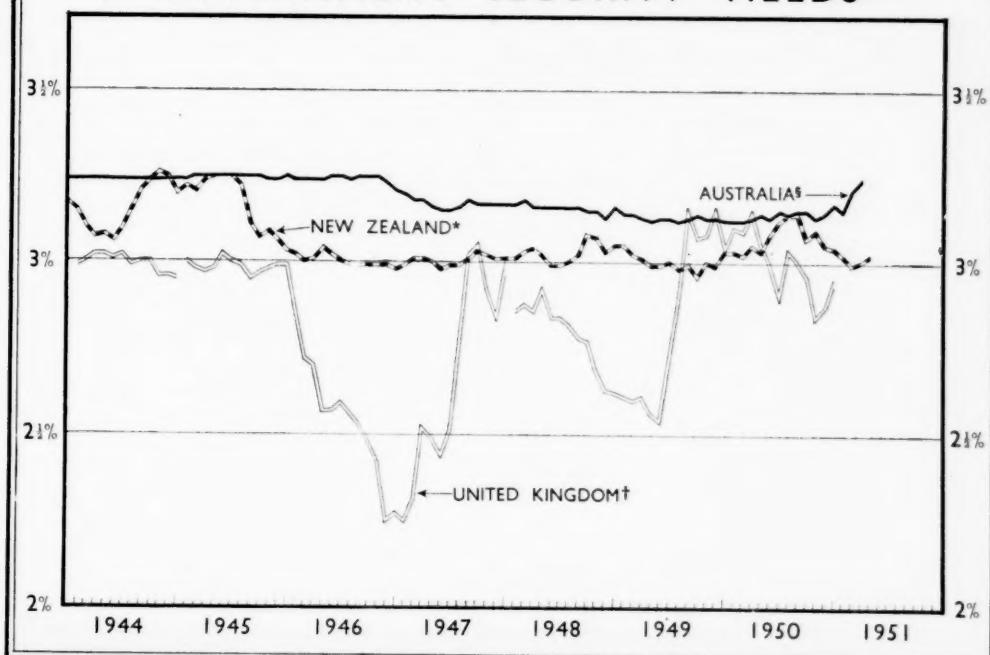
FOREIGN EXCHANGE TRANSACTIONS OF THE NEW ZEALAND BANKING SYSTEM



VI—GOVERNMENT SECURITY YIELDS

Calendar Year	In New Zealand	In London			In Australia
	Long-term*	N.Z. Government Long-term 3½% 1962-65	British Gov't. Long-term†	British Gov't. Short-term ‡	Commonwealth Long-term§
1946	3.01	2.62	2.55	2.09	3.22
1947	3.00	2.62	2.67	2.18	3.17
1948	3.03	2.88	2.79	2.02	3.14
1949	3.00	3.13	2.83	1.94	3.13
1950	3.07	3.24	2.99	2.03	3.14
Monthly:					
1950—May	3.08	3.35	2.99	2.09	3.13
June	3.12	3.31	2.90	1.97	3.15
July	3.14	3.33	3.03	2.03	3.14
Aug.	3.14	3.24	3.00	1.98	3.15
Sept.	3.07	3.19‡	2.96	1.94	3.15
Oct.	3.09	3.14	2.84	1.79	3.13
Nov.	3.05	3.14	2.87	1.74	3.14
Dec.	3.04	3.17	2.95	1.86	3.17
1951—Jan.	3.02	3.16	3.25	1.78	3.15
Feb.	2.99	3.22			3.21
Mar.	3.00	3.27			3.27
Apr.	3.02	3.29			
May	3.00				3.28

GOVERNMENT SECURITY YIELDS



* 3½% 1953-57 Stock to July, 1946; 3% 1960-63 Stock from August, 1946.

† Revised.

‡ Compiled from "Statistical Bulletin", Commonwealth Bank of Australia. Estimated from rates on securities maturing in 10 or more years.

† Compiled from "Monthly Digest of Statistics" of United Kingdom. 3% Savings Bonds 1955-63 to December, 1944; 3% Savings Bonds 1960-70 to December, 1947; 2½% Savings Bonds 1964-1967 to December, 1950; 3% Savings Bonds 1965-75 from January, 1951. (In 1950 the average yield on 3½% War Loan stock was 3.77 and on 2½% Consols, 3.54.)

‡ Compiled from "Monthly Digest of Statistics" of United Kingdom. 2½% National War Bonds 1952-54 to December, 1949; 2½% Exchequer Stock 1955 from January, 1950.

(£N.Z. thousands)

VII—SAVINGS BANKS†

Deposits and Withdrawals

Source: Census and Statistics Department

Year ended 31st March	Post Office				Trustee					
	Deposits	With- drawals	Excess of Deposits over Withdrawals	Interest Credited 31st March	Depositors' Credit Balances	Deposits	With- drawals	Excess of Deposits over Withdrawals	Interest Credited 31st March	
1947	72,381	62,747	9,633	3,094	141,242	17,306	14,698	2,608	678	30,540
1948	72,553	68,660	3,893	3,307	148,442	16,137	15,622	514	724	31,778
1949	70,691	67,723	2,968	3,439	154,849	15,994	15,748	246	747	32,771
1950	77,963	73,306	4,657	3,821	*170,982	17,616	16,234	1,381	791	34,943
1951	86,395	85,190	1,205	3,915	176,103	20,711	19,600	1,111		36,055*
Monthly:										
1950—Mar.	7,403	7,473	— 70†	3,821	170,982	1,652	1,660	— 8†	791	34,943
Apr.	6,433	6,086	347		171,330*	1,569	1,414	155		35,098*
May	8,171	7,564	607		171,937*	2,017	1,701	316		35,414*
June	7,465	8,088	— 624†		171,313*	1,825	1,703	122		35,536*
July	7,289	6,740	549		171,862*	1,761	1,522	239		35,775*
Aug.	7,533	7,027	506		172,367*	1,776	1,610	166		35,941*
Sept.	7,097	6,763	334		172,702*	1,694	1,573	121		36,062*
Oct.	7,267	7,127	139		172,841*	1,610	1,601	9		36,071*
Nov.	6,868	7,277	— 409†		172,433*	1,591	1,730	— 138†		35,933*
Dec.	7,847	7,501	346		172,778*	1,822	1,827	— 5†		35,928*
1951—Jan.	6,159	5,460	699		173,477*	1,435	1,284	152		36,080*
Feb.	6,730	8,408	— 1,678†		171,799*	1,736	1,945	— 209†		35,871*
Mar.	7,537	7,148	389	3,915	176,103	1,875	1,690	184		36,055*
Apr.	8,242	7,430	812		176,915*					

‡ Excluding National Savings throughout and War Gratuity Accounts up to and including March, 1949.

* Excluding interest accrued but not credited.

† Excess of withdrawals over deposits.

★ Includes £7,655,000 representing £11,448,000 transferred on 1st April, 1949, from War Gratuity Accounts, less withdrawals during April and May, 1949, relating to these accounts, amounting to £3,793,000. These amounts are excluded from the deposits and withdrawals figures for the year ended 31st March, 1950.

VIII—NATIONAL SAVINGS

(£N.Z. thousands)

Source: Census and Statistics Department

Year Ended 31st March	National Savings Accounts					National Savings Bonds*	
	Deposits	Withdrawals	Excess of Deposits over Withdrawals	Interest Credited †	Depositors' Credit Balances	Total Bond Sales	Redemp- tions
1943	2,425	25	2,400	72	5,666	1,356	—
1944	7,258	64	7,194	150	13,010	3,122	—
1945	7,267	178	7,089	358	20,457	2,609	—
1946	7,607	1,707	5,901	560	26,917	1,314	521
1947	6,175	2,306	3,869	773	31,560	457	2,089
1948	7,285	3,680	3,605	905	36,070	493	2,936
1949	7,032	3,943	3,089	1,038	40,197	435	3,170
1950	10,577	4,282	6,295	1,179	47,671	458	2,421
1951	9,469	5,311	4,157	1,386	53,214	499	1,644
Monthly:							
1950—Mar.	661	315	346			27	96
Apr.	711	168	543			46	57†
May	830	280	550			42	234
June	1,240	166	1,074			55	510
July	1,057	1,319	— 263†			48	182
Aug.	876	716	161			53	120
Sept.	806	630	176			41	81
Oct.	700	447	253			32	73
Nov.	678	360	318			33	74
Dec.	687	283	404			25	139
1951—Jan.	504	219	286			28	50
Feb.	699	350	349			35	51
Mar.	680	374	306			61	73
Apr.	941	299	642			78	53

* Interest payable at maturity.

† On deposits held during year ended 30th June of previous calendar year.

‡ Excess of withdrawals over deposits.

† Revised.